

Iowa Department of Revenue
Property Tax Division
ABNORMAL SALES CONDITIONS
2007-2008 Sales
October 12, 2007

1. Quit Claim Deed
2. Sale to/by government
 - Condemnation is also abnormal.
3. Sale to/by exempt organization
 - Seller or buyer exempt organization.
 - Abated properties are not abnormal, i.e. urban revitalization or industrial abatement
4. Transfer of partial interest
 - Purchase of a percentage of the total fee simple
 - If the total interest is represented in separate DOVs, the sale may be considered normal by totaling the selling prices of the interest.
5. Life estates
6. Sheriff or tax sale
 - Does not include the subsequent sale of property acquired from sheriff or tax sale.
7. Corporate merger or reorganization
8. Coops and Time Shares and Condominium or Townhouse sale
 - Condominium or townhouse sales or zero lot line sales will be considered normal. (changed 10/12/2007)
 - If common elements are not complete, the sale can be considered abnormal, such as a promised golf course that has not been built.
 - Time shares will be considered abnormal.
 - Coops are generally transferred through shares without filing a DOV or a deed. Those coops that are operating as apartment complexes may sell the entire complex, this would not be considered a normal sale for equalization purposes.
9. Purchase of adjoining (touching) or adjacent (near-by) property
 - Residential adjacent will be defaulted normal.
 - Residential adjoining abnormal.
 - Commercial adjoining abnormal.
 - Commercial adjacent abnormal if operated as a unit.

10. Land to be operated as a unit
 - Generally, this would be a commercial property owner buying a near commercial property to use with an existing facility.
 - Includes property that is part of an assemblage.
 - This does not apply to agricultural land.
11. Code eliminated but reasons are now in #31
12. Foreclosure and transfer in lieu of forfeiture or foreclosure
 1. Paperwork for forfeiture or foreclosure action must have begun.
 2. Primarily pertains to mortgages.
13. Sale to/by public utility or railroad
14. Exchange for other property (trade)
 - If the buyer gives the seller one or more items of real or personal property as all or part of the full consideration, the sale will be considered abnormal.
 - 1031 exchanges will be considered normal, if persuasive evidence is presented, sale prices can be adjusted. The most common support for adjusting a 1031 exchange would be an income analysis indicating an unusually low capitalization rate, the adjustment would be the difference between the capitalized value with a typical capitalization rate and the sale price.
15. Change in class - must be defined
 - Must be a change from one property classification to another (i.e. residential to commercial, etc.).
 - Does not include subclass changes.
16. Improvements made or buildings removed after January 1 of the year of the sale, but prior to the actual date of sale
 - New additions, new buildings/garages, basement/attic finish, removal of buildings/garages.
 - Capital improvements exceeding 20% of the assessed value of the improvements, documentation of cost must be provided before the sale will be abnormal.
 - Fire damage must occur after January 1 but prior to the sale date to be abnormal.
17. Sale between family members
 - Consistent with family relationships included in declaration of value instructions.
 - Voluntary sales between ex-spouses will be considered abnormal
18. Court ordered sale
 - Sales that are specifically ordered by the court.
19. Transfer to/by estate
 - Does not include subsequent sales by heirs.

20. Transfer to/by administrator, guardian, conservator, referee, court appointed trustee, etc.

- Includes various types of trusts (i.e. revocable, etc.).
- Sales to/by custodian is considered normal except if it is a bank.
- Sales to/by power-of-attorney is normal.

21. Lot assessed as unplatted land

- Includes “three-year rule”.

22. Fulfillment of prior year contract

23. Assignment/Assumption of contract

- Third party assumes the original contract terms for buyer or seller.
- Does not include assumption of mortgages.

24. Auction sale

- Shall be considered normal except for closed bids, internet transactions and sheriff's sales (foreclosures). (change 10/15/2007)

25. Partial assessment

- Applies to new construction (does not include remodeling).
- Incomplete structural changes as of January 1.
- An occupancy permit will be an indication of a full assessment and the sale will be considered normal.

26. Sale of portion of property (split or division)

27. Property assessed by two or more assessors

- Recently separate DOVs are required if the sale involves property in two or more counties. In those cases, we will consider the sale normal but if persuasive evidence is presented that the allocation of value was arbitrary, the sale will be considered abnormal.

28. Property with dual classifications, 2 or more parcels with different classifications

- Does not include dwellings on agricultural property.

29. Sale of rented or leased property to tenant or a sale lease back

30. Transfers to correct or modify conveyance

31. Contract forfeiture

32. Cemetery lot sales

33. Transfers that are gifts or partial gifts

34. Vacant lots

- Sales of unused lots will be considered abnormal. Lots that are sold with a business enterprise will be considered normal. (changed 10/11/2007).
- Commercial properties that have buildings that are not assessed and are not unsound are not considered vacant lots. The buildings may have a minimal value. (changed 10/11/2007)
- Sales of improved properties where the buildings are being removed by the buyer can be considered abnormal.
- Sales of residential parcels with no residence will be considered abnormal. (changed 10/11/2007)

35. Vacant buildings

- Vacant building sales will be considered normal.
- A property with salvage improvements will be considered abnormal, building would be unsound and uninhabitable.

36. Prior year sales

- The date of instrument is used to determine the year of the sale. Sales from the last half of the odd numbered year will be used in equalization for commercial properties.

37. Easements

38. No consideration

39. Offer to buy

40. Sale of land only without leased building

41. Transfer of building only on leased land

42. Transfers intended only to secure a debt or other financial obligation

43. Sale of two or more separately assessed parcels – single consideration shall be considered normal

44. Properties with mobile homes outside of mobile home park

- A sale of residential land with a mobile home that is not converted (title turned in) to real estate and is assessed as the only dwelling is abnormal even if there is a separate price for the mobile home.
- Mobile homes outside of a mobile home park should be assessed as real estate but may not have been converted to real estate.
- If the mobile home does not represent a significant part of the real estate, it should be considered normal and an adjustment to the sale price could be made.

45. Sale of property by lending institution which received such property as a result of loan default, forfeiture, or foreclosure action and relocation sales

- Entities that service loans or buy mortgages (but do not originate loans) are not considered lending institutions.
- A running list is kept by the Department of various lending institutions.
- Relocation sales will be considered abnormal.

46. Sale **\$10,000** or less (line 3 of the declaration of value)

47. Section 42 housing shall be considered abnormal

48. Properties with a minimum assessment agreement shall be considered abnormal unless the assessment is more than the minimum assessment agreement.